

# 6M 2021 Results

Analyst & Investor  
presentation

July 26<sup>th</sup>, 2021



**MAPFRE**

Your trusted global insurance company

# Key highlights 6M 2021 > on track to meeting 2021 guidance with solid results in core markets

## COVID IMPACTS

- Successful adaptation of business model to new environment
- Direct claims at insurance units, mainly in Life Protection and Health in Latin America, offset by lower Auto frequency
- Improved outlook for Europe and the USA, with a challenging situation in Latin America

## PREMIUM GROWTH

- Reaching a turning point with a return to growth in the second quarter

## PERFORMANCE

- IBERIA > strong underlying technical margins while outperforming market in key segments
- RE & Global Risks > strong results and solid growth on the back of tariff increases, with limited impact from large events
- USA & BRAZIL > resilient results, supported by restructuring efforts from previous years

## FINANCIAL STRENGTH

- Strong capital and financial position, supporting commitment to shareholders
- Stability in equity base during the year (≈ €8.5 bn)
- Solvency II ratio of 201% and financial strength rating recently affirmed by S&P at A+

# Key Figures > 6M 2021

	6M 2021	Δ	Δ at constant exchange rates	
<b>Revenue</b>	<b>14,083</b>	<b>6.1%</b>	<b>10.7%</b>	
Total written and accepted premiums	11,663	6.2%	11.3%	
- Non-Life	9,347	6.7%	11.7%	
- Life	2,316	4.3%	9.8%	
<b>Non-Life Combined Ratio - MAPFRE S.A.</b>	<b>95.1%</b>	<b>-1.6 p.p</b>		
Non-Life Loss Ratio	66.0%	-1.6 p.p		
Non-Life Expense Ratio	29.1%	-0.0 p.p		
<b>Non-Life Combined Ratio - Insurance units</b>	<b>95.0%</b>	<b>1.1 p.p</b>		
<b>Attributable result</b>	<b>364.0</b>	<b>34.5%</b>		
<b>Adjusted attributable result</b>	<b>351.9</b>	<b>-9.8%</b>		
<b>ROE <sup>(1)</sup></b>	<b>7.4%</b>	<b>1.3 p.p</b>	<b>Excluding writedowns <sup>(2)</sup></b>	
			<b>8.9%</b>	<b>2.3 p.p</b>
<b>Balance sheet <sup>(1)</sup></b>				
Assets under management	55,797	1.1%		
Shareholders' equity	8,506	-0.4%		
	<b>3M 2021</b>	<b>Δ</b>		
<b>Solvency ratio <sup>(1)</sup></b>	<b>201.0%</b>	<b>8.1 p.p</b>		

(1) Variation calculated against data at December 31<sup>st</sup>, 2020

(2) Excluding 2020 goodwill and other intangible writedowns

# Adjusted attributable result

	6M 2020	6M 2021	Δ (mn)	Δ (%)	Q1 2021	Q2 2021	Δ (mn)
<b>Attributable result</b>	<b>270.7</b>	<b>364.0</b>	<b>93.3</b>	<b>34.5%</b>	<b>173.3</b>	<b>190.7</b>	<b>17.4</b>
<b>NatCat claims <sup>(1)</sup></b>	<b>(61.2)</b>	<b>0.0</b>	<b>61.2</b>		<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<i>Direct insurance operations</i>	<i>(25.8)</i>		<i>25.8</i>				
<i>MAPFRE RE</i>	<i>(35.4)</i>		<i>35.4</i>				
<b>COVID-related claims (MAPFRE RE)</b>	<b>(56.9)</b>	<b>(13.8)</b>	<b>43.1</b>		<b>(2.9)</b>	<b>(10.9)</b>	<b>(8.0)</b>
<b>Attributable result (adjusted for NatCat and COVID claims)</b>	<b>388.8</b>	<b>377.8</b>	<b>-11.0</b>	<b>-2.8%</b>	<b>176.2</b>	<b>201.6</b>	<b>25.4</b>
<b>Voluntary retirement scheme</b>		<b>(56.3)</b>	<b>(56.3)</b>			<b>(56.3)</b>	<b>(56.3)</b>
<b>Release of earnout provision</b>		<b>22.0</b>				<b>22.0</b>	<b>22.0</b>
<b>Financial Gains &amp; Losses</b>	<b>13.6</b>	<b>18.5</b>	<b>4.9</b>		<b>9.9</b>	<b>8.6</b>	<b>(1.3)</b>
<i>Real estate <sup>(2)</sup></i>	<i>(6.5)</i>	<i>(2.8)</i>	<i>3.7</i>			<i>(2.8)</i>	<i>(2.8)</i>
<i>Financial investments <sup>(3)</sup></i>	<i>20.1</i>	<i>21.3</i>	<i>1.2</i>		<i>9.9</i>	<i>11.4</i>	<i>1.5</i>
<b>Other <sup>(4)</sup></b>	<b>(15.0)</b>	<b>41.7</b>	<b>56.7</b>			<b>41.7</b>	<b>41.7</b>
<b>Attributable result (adjusted)</b>	<b>390.2</b>	<b>351.9</b>	<b>(38.3)</b>	<b>-9.8%</b>	<b>166.3</b>	<b>185.6</b>	<b>19.3</b>

(1) Puerto Rican earthquake in 2020

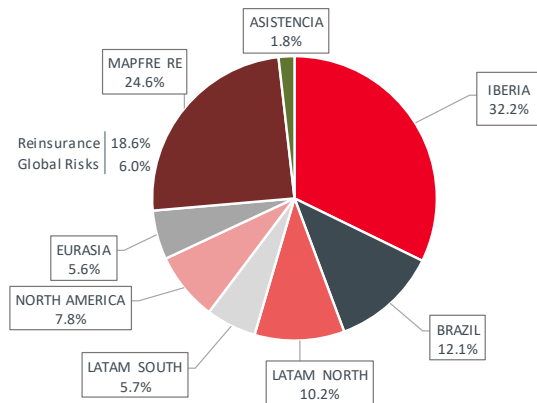
(2) Mainly sale at MAPFRE USA (€14 mn) as well as real estate provisions in Spain (-€20.5 mn) in 2020; real estate provisions (-€2.8 mn) in 2021

(3) Extraordinary financial gains & losses, net of writedowns, in actively managed financial investment portfolios in euro area (IBERIA & MAPFRE RE) and MAPFRE USA and other financial income & expenses

(4) Provision for restructuring (-€15 mn) in 6M 2020; in 2021, contribution of real estate to joint venture vehicle (€25.2 mn), sale of Rastreator & Preminen (€14mn) and Industrial Re (€2.5mn)

# Key figures > by business unit

## Premiums – Breakdown by business unit



	Premiums		Attributable result			Combined ratio	
	6M 2021	Δ %	6M 2021	Δ mn	Δ %	6M 2021	Δ p.p.
<b>IBERIA</b>	<b>4,252</b>	<b>6.9%</b>	<b>206.0</b>	<b>(15.1)</b>	<b>-6.8%</b>	<b>96.3%</b>	<b>2.4 p.p</b>
<b>BRAZIL</b>	<b>1,596</b>	<b>-1.0%</b>	<b>36.3</b>	<b>(24.0)</b>	<b>-39.8%</b>	<b>86.1%</b>	<b>-2.8 p.p</b>
<b>LATAM NORTH</b>	<b>1,347</b>	<b>51.9%</b>	<b>19.8</b>	<b>(23.8)</b>	<b>-54.7%</b>	<b>93.5%</b>	<b>5.6 p.p</b>
<b>LATAM SOUTH</b>	<b>756</b>	<b>4.0%</b>	<b>27.8</b>	<b>0.5</b>	<b>1.8%</b>	<b>92.3%</b>	<b>-1.6 p.p</b>
<b>NORTH AMERICA</b>	<b>1,025</b>	<b>-8.1%</b>	<b>50.8</b>	<b>(2.4)</b>	<b>-4.6%</b>	<b>97.2%</b>	<b>-1.9 p.p</b>
<b>EURASIA</b>	<b>738</b>	<b>-4.9%</b>	<b>14.0</b>	<b>(9.0)</b>	<b>-39.1%</b>	<b>101.8%</b>	<b>4.7 p.p</b>
<b>TOTAL INSURANCE</b>	<b>9,713</b>	<b>6.8%</b>	<b>354.7</b>	<b>(73.9)</b>	<b>-17.2%</b>	<b>95.0%</b>	<b>1.1 p.p</b>
Reinsurance	2,454	15.6%	69.0	116.7	244.5%	95.6%	-10.9 p.p
Global Risks	787	0.1%	13.8	17.8	--	84.4%	-24.8 p.p
<b>ASISTENCIA</b>	<b>247</b>	<b>-26.9%</b>	<b>(1.9)</b>	<b>11.4</b>	<b>85.6%</b>	<b>99.7%</b>	<b>-0.7 p.p</b>
<b>OTHER <sup>(1)</sup></b>	<b>(1,539)</b>	<b>-13.2%</b>	<b>(71.6)</b>	<b>21.4</b>	<b>23.0%</b>	<b>--</b>	<b>--</b>
<b>TOTAL</b>	<b>11,663</b>	<b>6.2%</b>	<b>364.0</b>	<b>93.3</b>	<b>34.5%</b>	<b>95.1%</b>	<b>-1.6 p.p</b>

(1) "Other" includes Corporate Areas and consolidation adjustments

# Key figures > Life business > insurance units

## Key figures

	6M 2021	Δ mn	Δ
<b>Life Premiums</b>	<b>2,316.0</b>	<b>96.1</b>	<b>4.3%</b>
IBERIA	1,001.7	114.8	12.9%
BRAZIL	551.3	(58.7)	-9.6%
OTHER <sup>(1)</sup>	763.0	40.0	5.5%
<b>Life Attributable Result</b>	<b>69.6</b>	<b>(22.1)</b>	<b>-24.1%</b>
IBERIA	86.7	20.3	30.5%
BRAZIL	(7.8)	(26.5)	-142.1%
LATAM NORTH	(5.0)	(11.4)	-179.8%
LATAM SOUTH	(6.1)	(5.1)	---
OTHER <sup>(2)</sup>	1.9	0.5	---

Premiums

- › **IBERIA** > excellent performance in Life Savings, thanks to successful sales campaigns
- › **BRAZIL** > currency depreciation (-14%), but with a return to growth in local currency in bancassurance channel (+4%) and improved trends in the second quarter
- › **OTHER** > solid Life Savings issuance in Malta, offsetting lower premiums in Mexico

(1) Mainly LATAM NORTH, EURASIA (Malta) and LATAM SOUTH

(2) Mainly EURASIA (Malta)

## Life Protection attributable result - breakdown

	6M 2021	Δ mn
BRAZIL	(10.7)	(28.9)
LATAM NORTH	(5.6)	(10.8)
LATAM SOUTH	(10.7)	(10.5)
<b>TOTAL LATAM</b>	<b>(27.0)</b>	<b>(50.2)</b>

Results

- › **IBERIA** > excellent performance and extraordinary impact from the release of an earnout provision (€22 mn)
- › **BRAZIL** > fall in result driven by COVID-19 related claims and currency depreciation
- › **OTHER** > higher COVID-19 related Life Protection claims, mainly in Mexico

# IBERIA > Key highlights

	Premiums		Attributable result			Combined ratio	
	6M 2021	Δ %	6M 2021	Δ mn	Δ %	6M 2021	Δ p.p.
<b>IBERIA</b>	<b>4,252</b>	<b>6.9%</b>	<b>206.0</b>	<b>(15.1)</b>	<b>-6.8%</b>	<b>96.3%</b>	<b>2.4 p.p</b>
of which:							
MAPFRE ESPAÑA <sup>(1)</sup>	3,235	5.5%	102.7	(30.1)	-22.7%	96.9%	2.4 p.p
MAPFRE VIDA	1,017	11.6%	103.3	15.0	17.0%	--	--
MOTOR	1,115	2.7%	62.0	(97.9)	-61.2%	93.1%	12.1 p.p
GENERAL P&C	1,270	5.1%	10.8	27.4	165.0%	101.2%	-6.0 p.p
HEALTH & ACCIDENT	722	9.3%	6.8	9.3	--	99.3%	-3.1 p.p
TOTAL LIFE	1,002	12.9%	86.7	20.3	30.5%	--	--
LIFE PROTECTION	278	-1.0%	30.4	(14.4)	-32.1%	75.1%	8.2 p.p
LIFE SAVINGS	724	19.4%	35.4	16.9	91.1%	--	--
OTHER	--	--	20.8	17.8	-14.5%	--	--

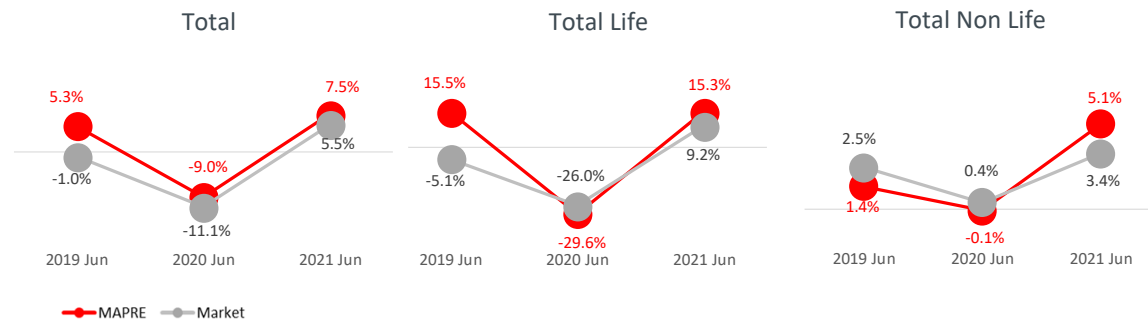
93.4%

Excluding voluntary early retirement scheme

- **7.1 million** clients
- **>6.1 million vehicles** insured (+4.8%)
- **>1 million** people covered by **Health** insurance
- Significant advances in **digital transformation**
- **>21% growth in new policies** captured through **digital channel**
- **Verti is outperforming the market** and growing 11% in policies

(1) MAPFRE ESPAÑA includes the business in Portugal

## Premium Growth in Spain – Market vs MAPFRE <sup>(2)</sup>



(2) Source: ICEA data for Spanish market

# IBERIA > 2021 outlook and priorities

Focused on defending our portfolio, gaining market share and cost contention

## Outlook

### Top line >

- New vehicle sales remain at low levels, but with an improving outlook
- Life Savings environment is still challenging

**Combined ratio >** normalization of mobility and frequency

Non Life ( $\approx$  95%)  
Motor (91-93%)

**Financial income >** managing low interest rates

**Capital management >** focus on preserving high solvency level and dividend upstreaming

## Priorities

### Adaptation of operational model >

- Voluntary retirement scheme (estimated cost €75 mn)
- Continue increasing efficiency while improving client experience

### Technical management >

- Market pricing (Auto, Homeowners, Commercial multi-risk)
- Intelligent digital underwriting and loss adjustment
- Advanced Analytics (Data Lake, AI for optimizing sales activity, collaborative and innovative work methodologies)

**Product offering >** electric & personal mobility vehicles, on-off Motor products

**Life & Savings >** focus on Unit Linked and boosting the asset management business



# IBERIA > Bancassurance agreements

## Optimizing Bankia exit value and rebuilding the bancassurance channel

### Bankia

- › Making positive advances in the exit process
- › Transaction expected to be completed by year end, pending pertinent regulatory and administrative approvals
- › Portfolio retention plan has been implemented through MAPFRE network

### Santander | MAPFRE

- › Successful agreement with high growth potential
- › Leveraging different opportunities for collaboration (i.e. Portugal, Cyberinsurance and Assurbanking)
- › Milestones: >100,000 policies and €24.5 mn in premiums as of June

# Assets under management

	Market value			Breakdown by Asset Class	
	12.31.2020	06.30.2021	% Δ	12.31.2020	06.30.2021
<b>Government fixed income</b>	<b>23.4</b>	<b>22.4</b>	<b>-4.1%</b>	<b>56.2%</b>	<b>50.3%</b>
<i>Spain</i>	12.8	12.2	-4.5%	34.0%	27.3%
<i>Italy</i>	2.4	2.7	13.3%	5.4%	6.0%
<i>Rest of Europe</i>	2.0	1.6	-22.3%	4.1%	3.5%
<i>United States</i>	1.5	1.4	-6.4%	3.0%	3.2%
<i>Brazil</i>	2.2	2.3	0.4%	5.6%	5.1%
<i>Rest of LATAM</i>	1.7	1.8	3.1%	3.4%	3.9%
<i>Other</i>	0.8	0.6	-27.2%	0.8%	1.2%
<b>Corporate fixed income</b>	<b>8.1</b>	<b>8.0</b>	<b>-2.0%</b>	<b>17.5%</b>	<b>17.9%</b>
<b>Real Estate*</b>	<b>2.2</b>	<b>2.3</b>	<b>3.8%</b>	<b>4.5%</b>	<b>5.2%</b>
<b>Equity</b>	<b>2.7</b>	<b>3.0</b>	<b>11.5%</b>	<b>5.2%</b>	<b>6.7%</b>
<b>Mutual Funds</b>	<b>1.4</b>	<b>1.6</b>	<b>11.0%</b>	<b>3.4%</b>	<b>3.5%</b>
<b>Cash</b>	<b>2.4</b>	<b>2.4</b>	<b>-2.2%</b>	<b>4.7%</b>	<b>5.3%</b>
<b>Unit-Linked</b>	<b>2.5</b>	<b>2.7</b>	<b>9.6%</b>	<b>4.7%</b>	<b>6.1%</b>
<b>Other investments</b>	<b>2.1</b>	<b>2.2</b>	<b>4.7%</b>	<b>3.8%</b>	<b>4.8%</b>
<b>Total Investment Portfolio</b>	<b>44.9</b>	<b>44.6</b>	<b>-0.6%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>Pension Funds</b>	<b>5.8</b>	<b>6.1</b>	<b>6.3%</b>		
<b>Mutual Funds &amp; Other</b>	<b>4.5</b>	<b>5.1</b>	<b>12.0%</b>		
<b>Total AuM</b>	<b>55.2</b>	<b>55.8</b>	<b>1.1%</b>		

Figures do not include BANKIA MAPFRE VIDA portfolios, as the business is classified as held for sale

# Investment portfolios

## Euro area – fixed income portfolios – actively managed

		Market value (€bn)	Accounting Yield (%)	Market yield (%)	Modified duration (%)
NON-LIFE (IBERIA & MAPFRE RE)	12.31.2020	7.46	1.68	0.28	8.58
	06.30.2021	7.34	1.60	0.54	7.74
LIFE (IBERIA)	12.31.2020	5.56	3.66	-0.01	7.10
	06.30.2021	5.27	3.44	0.20	6.88

## Realized financial gains & losses – Euro area <sup>1</sup>

	Non-Life		Life		Total	
	6M 2020	6M 2021	6M 2020	6M 2021	6M 2020	6M 2021
IBERIA	17.4	-1.6	2.0	3.3	19.4	1.7
MAPFRE RE	8.1	9.7	1.5	3.0	9.6	12.7
<b>TOTAL</b>	<b>25.5</b>	<b>8.1</b>	<b>3.5</b>	<b>6.3</b>	<b>28.9</b>	<b>14.4</b>

## Other main regions and units – fixed income portfolios

		Market value (€bn)	Accounting Yield (%)	Market yield (%)	Modified duration (%)
BRAZIL - MAPFRE SEGUROS	12.31.2020	1.40	6.16	4.81	3.09
	06.30.2021	1.22	6.48	6.33	3.35
LATAM NORTH	12.31.2020	0.84	5.93	5.23	3.60
	06.30.2021	0.96	5.68	5.39	3.70
LATAM SOUTH	12.31.2020	1.77	6.00	3.70	7.12
	06.30.2021	1.67	6.13	5.28	6.49
NORTH AMERICA	12.31.2020	1.99	2.63	1.11	5.23
	06.30.2021	1.99	2.55	1.27	5.22

- 1) Net of writedowns and other financial income & expenses, before taxes and non-controlling interests. Includes only actively managed available for sale portfolios in the Euro area.

# Shareholders' equity

## Change in shareholders' equity (€ mn)

<b>Balance at 12/31 previous year</b>	<b>8,536</b>
Result for the period	364
Dividends	-231
Net unrealized capital gains of AFS portfolio*	-281
Currency conversion differences	120
Other	-2
<b>Balance at period end</b>	<b>8,506</b>

\*Net of shadow accounting adjustments

## Net unrealized capital gains - AFS portfolio (€ bn)

	12.31.2020	06.30.2021
<b>Net unrealized gains</b>	<b>1.3</b>	<b>1.0</b>
Unrealized gains	4.1	3.4
Shadow accounting adjustments	-2.8	-2.4

## Currency conversion differences (€ mn)

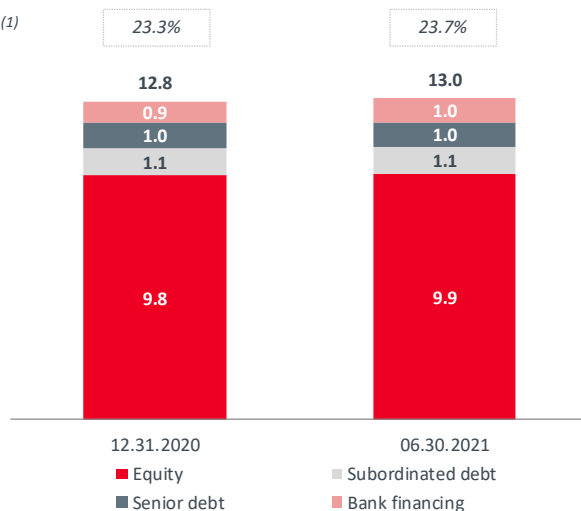
	06.30.2021	Δ	% Δ currency	Sensitivity to 1 pp move in currency
<b>Total</b>	<b>-1,796**</b>	<b>120</b>	<b>-</b>	
<i>of which:</i>				
US dollar	371	70	3.0%	23
Brazilian real	-891	54	6.6%	8
Turkish lira	-357	-11	-11.8%	1
Mexican peso	-134	7	3.0%	2

\*\*Currency conversion differences include -€541 mn of adjustments in Venezuelan and Argentine currencies (hyperinflationary economies)

# Capital position & credit metrics

## Capital structure (€ bn)

Leverage <sup>(1)</sup>



(1) Total Debt / (Total Equity + Total Debt)

## Solvency II position (€ mn)

Eligible Own Funds (EOF)	9,436
Solvency Capital Requirement (SCR)	4,695
<b>EOF-SCR</b>	<b>4,741</b>
<b>Solvency II ratio</b>	<b>201.0%</b>
<i>Fully loaded <sup>(1)</sup></i>	<i>187.8%</i>

03.31.2021

(1) Excluding impacts of transitional measures for technical provisions and equity

## Closing remarks

IBERIA	Outperforming market with strong underlying technical margins
USA	Successful streamlining and solid underwriting results in the Northeast
LATAM	Adapting business model to challenging situation due to the pandemic
MAPFRE RE	Tariff increases and prudent underwriting approach contribute to profitability
BANKIA	Focus on completing exit process
CAPITAL ALLOCATION	Meeting milestones and continuing to streamline operations
OUTLOOK	On track to meeting 2021 guidance and returning to a sustainable dividend path

# Investor Relations

For further information, please contact or visit:

Email: [IR@mapfre.com](mailto:IR@mapfre.com)

Telephone: (+34) 91 581 23 18

Corporate website: [www.mapfre.com](http://www.mapfre.com)

Financial documentation center: [www.mapfre.com/en/financial-information/](http://www.mapfre.com/en/financial-information/)

## Felipe Navarro

Head of Capital Markets &  
Investor Relations and  
Treasurer  
[felipenavarro@mapfre.com](mailto:felipenavarro@mapfre.com)

## Leandra Clark

[clarkle@mapfre.com](mailto:clarkle@mapfre.com)

## Marta Sanchidrián

[sanchim@mapfre.com](mailto:sanchim@mapfre.com)

## Fernando García de la Santa

[gsmfern@mapfre.com](mailto:gsmfern@mapfre.com)

## Leslie Hoffman

[lhoffma@mapfre.com](mailto:lhoffma@mapfre.com)

## Upcoming events – H2 2021\*:

13-15 September	Barclays Financial Services Conference
21-22 September	BofAML Financials CEO Conference
22 September	Autonomous Strategic Decisions Conference
23 September	Baader-Alphavalue Investment Conference
7-27 October	Blackout period
28 October	Results release
November	BME Foro Latibex

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# Terminology

Revenue	Top line figure which includes premiums, financial income, and revenue from non-insurance entities and other revenue
Combined ratio – Non-Life	Expense ratio + Loss ratio
Expense ratio – Non-Life	(Operating expenses, net of reinsurance – other technical revenue + other technical expenses) / Net premiums earned
Loss ratio – Non-Life	(Net claims incurred + variation in other technical reserves + profit sharing and returned premiums) / Net premiums earned
Corporate Areas and Consolidation Adjustments	Includes expenses from Corporate Areas, consolidation adjustments, as well as the result attributable to MAPFRE RE and MAPFRE INTERNACIONAL's non-controlling interests and other concepts
Solvency II ratio	Eligible Own Funds (EOF) / Solvency Capital Requirement (SCR)
ROE (Return on Equity)	(Attributable result for the last twelve months) / (Arithmetic mean of equity attributable to the controlling company at the beginning and closing of the period (twelve months))
Other investments	Includes interest rate swaps, investments in associates, accepted reinsurance deposits and others

Alternative Performance Measures (APM) used in this report correspond to those financial measures that are not defined or detailed within the framework of the applicable financial information. Their definition and calculation can be consulted at the following link:

<https://www.mapfre.com/corporate/institutional-investors/financial-information/>



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